

Message Text

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65

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 TRSE-00

 H-02 IO-13 PM-04 NSC-05 SP-02 SS-15 (ISO) W

 096311

R 231530Z AUG 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 983

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E.O. 11652: N/A

TAGS: EAIR PFOR CI

SUBJECT: CIVAIR: TAX ON DEPARTING PASSENGERS

1. INTRODUCTION: BRANIFF INTERNATIONAL AIRLINES IN JUNE REQUESTED EMBASSY'S ASSISTANCE WITH REGARD TO EXTENSION OF CHILEAN AIRPORT TAX TO ITS NON-FLYING PERSONNEL. FOLLOWING SUMMARIZES STATE OF PLAY AGAINST POSSIBILITY THAT JOINT EFFORTS BY INTERNATIONAL AIRLINES SERVING SANTIAGO ARE NOT SUCCESSFUL, AND REQUESTS LEGAL OPINION.

END INTRODUCTION.

2. CHILEAN DECREE 896 IMPOSES DEPARTURE TAX EQUIVALENT TO 10 PERCENT OF VALUE OF FARE ON ALL PASSENGERS WITH INTERNATIONAL DESTINATIONS OTHER THAN LATIN AMERICA. CLAUSE "J" EXEMPTED FROM SUCH PAYMENT ALL AIRLINE EMPLOYEES TRAVELLING ON COMPANY BUSINESS. ON MAY 31, 1976, HOWEVER THE CHILEAN INTERNAL REVENUE SERVICE RESTRICTED APPLICATION OF CLAUSE "J" TO CREW MEMBERS ENGAGED IN ACTUAL FLIGHT OPERATIONS, THUS TAXING TRAVEL OF SALES, EXECUTIVE AND OTHER PERSONNEL

ON COMPANY BUSINESS.

3. AFTER BEING INFORMED THAT LAN-CHILE'S (CHILEAN AIRLINES - GOC OWNED) NON-FLIGHT PERSONNEL WERE CONTINUING TO RECEIVE AN EXEMPTION, EMBASSY ON JUNE 6 LEFT AIDE MEMOIRE WITH FONOFF

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NOTING THIS APPARENT DISCRIMINATION. AT END OF JULY, EMBASSY

WAS ADVISED THAT ALTHOUGH FONOFF LEGAL DEPARTMENT AGREED WITH
GENERAL POSITION OF EMBASSY, MINISTRY OF HACIENDA (TREASURY)
WAS PREPARING ADVISORY OPINION THAT NEW RESTRICTIVE INTER-
PRETATION OF CLAUSE "J" WAS PERFECTLY LEGAL AND WITHIN ITS
JURISDICTION. ON AUGUST 6, EMBASSY WAS ADVISED THAT EXEMPTION
FOR LAN-CHILE NON-FLIGHT EMPLOYEES WAS BASED ON CLAUSE "I"
EXEMPTING GOVERNMENT EMPLOYEES WHICH INCLUDE LAN-CHILE PERSONNEL.

4. BRANIFF IS NOW MAKING COMMON CAUSE WITH OTHER INTERNATIONAL
CARRIERS AND TRAVEL AGENCIES, TO HAVE TAX ABOLISHED WITH
RESPECT TO ALL PASSENGERS ACROSS THE BOARD. EMBASSY BELIEVES
THAT THIS ROUTE MAY WELL BE MORE PRODUCTIVE, AND IS AWAITING
DEVELOPMENTS.

5. ACTION REQUESTED. WOULD APPRECIATE DEPARTMENT'S REVIEWING
CIVIL AIR BILATERAL AGREEMENT OF 1947 AND ADVISE US OF GROUNDS
FOR FURTHER PROTEST SHOULD THIS BE NECESSARY.
POPPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR FARES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANTIA08174
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760322-0292
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760829/aaaaaylj.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2004 by ShawDG>; APPROVED <27 OCT 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: TAX ON DEPARTING PASSENGERS
TAGS: EAIR, PFOR, CI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006